

# **Chapter Three**

## **Encounter Processing**

## **I. Introduction**

The purpose of this chapter is to provide Contractors with the sequence of events that occur for encounter processing, and to provide the criteria that AHCCCSA uses to determine when encounter files and/or individual records are acceptable.

Record layouts for each of the four form types (837P – Form A, 837D – Form D, 837I – Form B, and NCPD – Form C) may be found in the X12N 04010A1 or NCPDP Batch 1.1 Version 5.1 or Version 3.2 implementation guides. Record layout for the status file (277U) may be found in the X12N 3070 implementation guide. In addition, the AHCCCSA Encounter Companion Documents and shared provider/reference files provide supplemental information to assist contractors with submission of encounter data.

One goal of the implementation guides is to “develop the capability of handling coordination of benefits (COB) in a totally EDI environment.” AHCCCSA utilizes the Provider-to-Payer-to-Payer COB Model identified in the implementation guides. AHCCCSA is the destination payer. Other payers, including AHCCCSA contractors, report payer-specific data in other payer loops.

Information concerning reporting and an explanation of COB are in the implementation guides. An explanation of reporting bundled and unbundled services is also in the implementation guides. COB, bundled and unbundled services are important for accurately reporting encounter data. In addition, the AHCCCSA Encounter Companion Documents contain information to assist with COB, bundled and unbundled services.

## **II. Encounter Data Files Submitted by Contractors**

There are two types of encounter files submitted by contractors to AHCCCSA:

- New Day Encounter File (837P, 837I, 837D, NCPD)

The New Day Encounter File contains encounters that have not previously been processed through AHCCCSA encounter edits and audits. It includes encounters submitted to AHCCCSA for the first time, encounters resubmitted to AHCCCSA after being rejected by the syntax process, replacements and voids.

- **Pended Encounter Correction File (PEND)**

On the Pended Encounter Correction File, contractors submit corrections for encounters that failed the edit and audit processes and were returned to the contractor on the Pend file.

Encounter data must be transmitted electronically to the AHCCCS FTP server. Contractors may submit files as often as desired throughout the month and multiple files may be submitted on the same day. Each file is date and time stamped with the date/time the file is placed on the server. Files are moved from the server following successful data certification e-mail match. Each contractor is assigned an “in” and “out” directory on the FTP server. For incoming files, the following “in” directory structure and file naming standards are below:

Pathname:

ftp/(3 character PLANID)/encounter/(6 digit PLANID)in/prod/file name

Where: 3-character PLANID is contractor’s 3-character abbreviation and 6-digit PLANID is contractor’s numerical plan ID. Suppose for example that 3-character PLANID is XYZ, 6-digit PLANID is 224466, and TSN is 089. XYZ places its incoming encounter files, which must be named according to the standard below, in the following path:

ftp/XYZ/encounter/224466in/prod/AZSTNDPLANIDTSNXMMDDYY.SEQ

File name standard is:

- AZ = Arizona
- STND =
  - 837P (Form A Encounters)
  - 837I (Form I Encounters)
  - 837D (Form D Encounters)
  - NCPD (Form C Encounters)
  - PEND (Pend Corrections)
- PLANID = Contractor six-byte plan identification number
- TSN = Contractor PlanID three-byte transmission supplier number
- X = One-byte code distinguishing denied encounter from other encounter files:
  - ‘6’ value represents denied encounter file
  - ‘1’ value indicates all other encounter files.
- MMDDYY = Current date
- SEQ = Sequence number used to identify transmission of multiple same day files and to distinguish unique file names. Duplicate file names are not accepted.

File Name Examples:

AZ837P2244660891030904.001	Form A Encounters File 1
AZ837P2244660891030904.002	Form A Encounters File 2
AZ837P2244660896030904.001	Form A Denied Encounters File 1
AZ837I2244660891030904.001	Form B Encounters File 1
AZ837D2244660891030904.001	Form D Encounters File 1
AZNCPD2244660891030904.001	Form C Encounters File 1
AZNCPD2244660891030904.002	Form C Encounters File 2
AZPEND2244660891030904.001	Pend Correction File 1

### **III. Syntax Check**

All data-certified encounter files are run through a syntax check process to ensure that the file:

- Is readable; and
- Catalogues properly within the system;

This process performs edit checks on the file to validate the presence and format of the data.

After the syntax check is completed on each New Day file, syntax results are generated by AHCCCSA and placed in the contractor's outgoing FTP directory.

### **IV. Encounter Data Syntax Files Produced by AHCCCSA**

Following syntax processing, TA1, 997, and 824 files are placed in each contractor's outgoing directory. These files provide syntax processing results and file status (pass/fail) of each encounter file.

- **TA1 Interchange Acknowledgement:**  
The TA1 acknowledgment is used by AHCCCSA to notify contractors of problems that were found in the interchange control structure. The TA1 verifies X12 envelopes only.
- **997 Functional Acknowledgement:**  
The 997 Functional Acknowledgement is used by AHCCCSA to acknowledge each 837 functional group that has passed translator edits.

- **824 Acknowledgement:**  
The 824 acknowledgement is used by AHCCCSA to report 837 syntactical problems or data structure errors.

For outgoing files, the encounter FTP directory structure and file name conventions are:

Pathname:

ftp/(3 character HPID)/encounter/(6 digit HPID)out/prod/file name

Where: 3-character PLANID is contractor's 3-character abbreviation and 6-digit PLANID is contractor's numerical plan ID. Suppose for example that 3-character PLANID is XYZ and 6-digit PLANID is 224466. AHCCCS places its outgoing encounter files in the following path:

ftp/XYZ/encounter/224466out/prod/file

File name convention for syntax files is:

MMDDYY.NNNNNNNNN.ACK - where, MMDDYY is the creation date, NNNNNNNNN is the interchange control number and ACK is the acknowledge transaction. For example:

070105.000003652.TA1  
070105.000003654.997  
070105.000003699.824

## **V. Assignment of Control Reference Numbers (CRNs)**

Once a file passes the syntax check, each encounter record on that file is assigned a unique Control Reference Number (CRN). The CRN is subsequently used by AHCCCSA to identify the encounter record and determine the encounter receipt date for timeliness calculations.

A CRN is derived from the following information:

- **Julian Date (digits 1 - 5)**  
This date reflects the date of receipt of the New Day encounter file in Julian date format.

- **Batch Number (digits 6-9)**  
This number groups encounters into manageable groups of 999 documents.
- **Document Number (digits 10-12)**  
This number pertains to one (1) facility or 1-50 related medical/drug/dental encounters.
- **Line Number (digits 13-14)**  
This number originates on the New Day encounter file and applies to detail lines only.

## **VI. Edits and Audits**

Each encounter record is evaluated against a series of edits and audits. The edit process examines data fields necessary for the processing and adjudication of the encounter. These edits involve data quality checks of fields such as member and provider ID numbers, dates of service, service and diagnosis codes, and payment data. If an encounter fails one or more edits, an error condition occurs and the encounter pends. Pended encounters are placed on the contractor's pend file for error correction.

When an encounter passes the edit checks without errors, it is then evaluated by the audit process, which checks the encounter for duplicate or potential duplicate status. If a duplicate status occurs, the encounter is pended and placed on the pend file. Encounters must pass both edits and audits in order to be finalized, i.e., accepted by AHCCCSA and placed in the approved encounter database. Please note that only finalized encounters are used by AHCCCSA for evaluation of health outcomes, contractor performance, rate development and setting, etc. [Refer to the purpose of encounter data collection in Chapter 1.] Thus, Contractors should ensure that encounters are submitted according to AHCCCSA requirements, in order to avoid underreporting of data that may have a negative effect on Contractors.

## **VII. Complete and Accurate Data for Processing**

The AHCCCSA encounter, i.e., post-adjudicated claim, is a mirror image of the provider's claim and how the contractor processed the claim. The X12N and NCPDP implementation guides for claims and encounters require more data elements, e.g., provider and payer name, than is necessary for AHCCCSA encounter processing. Additional data must be reported when conditions identified in the implementation guides are met. Reporting complete and accurate data will pass encounter edits and result in accurate encounter processing.

## **VIII. Encounter Files and Reports Produced by AHCCCSA**

Following encounter edit and audit processing, AHCCCSA generates status and pend files (file layouts are in Chapter 5, unless otherwise indicated) for each contractor. The status and pend files produced are:

- **Status File (277U)**  
The status file provides the encounter status (finalized or pended) for all encounters from the most recent encounter processing. (File layout is available from Washington Publishing Company at [www.wpc-edi.com](http://www.wpc-edi.com).)
- **Supplemental Status (S)**  
This file contains additional status information not found on the 277U status file.
- **Pend File (PEND)**  
This file contains pended encounters that passed the syntax process, but failed the edit or audit process. These encounters will continue to pend and appear on the pend file until the encounters are corrected. (For the pend file layout please refer to Chapter 4.)
- **Detail Aging File (DETLAGIN)**  
This file contains the number of days encounters have been pended and additional information regarding those pended encounters.
- **Duplicate CRN File (DUPECRN)**  
This file contains information regarding duplicate pended encounters and the encounters that are causing duplicate pended encounters.

- **Comment File (CC)**  
This file contains comments regarding select pended encounters. The comments are intended to aid in the correction of these pended encounters. (For the comment file layout please refer to Chapter 4.)

Following edit and audit processing, AHCCCSA also produces adjudicated and pended reports for each Contractor. These reports (examples are in Chapter 5) are:

- **Adjudicated Encounters Overall (EC9AM128)**  
This report provides an encounter count of finalized and pended status by form type and an overall percent of finalized encounters by status.
- **Adjudicated Encounters (EC97X130)**  
This report shows the number of encounters by finalized (approved, voided, denied, deleted) and pended status.
- **EC CCL Summary By Error Code (EC9AD949)**  
The CCL summary indicates the number of errors by transmission submitter number, by form type and by error code.
- **Edit Failures by Health Plan (EC91D949)**  
This report provides a count of pended encounters by transmission submitter number, error code and form type.
- **Duplicate CRN by Error Code (EC97R179)**  
This report contains information regarding duplicate pended encounters and the encounters that are causing duplicate pended encounters.
- **Pended Encounters Summarized Aging (EC9CM187)**  
The pended encounters aging summary shows a count of pended encounters in age categories by form type.
- **Pended Encounters Detailed Aging (EC9EM187)**  
The detailed aging report is a list of pended encounters by transmission submitter number, aging category, form type and error code.
- **Pended Encounters Summarized Error (EC9FM187)**  
The summary of pended encounters illustrates the pended encounter error count in descending order.



The files and reports are placed in the contractor's outgoing directory on the FTP server. The following "out" directory structure and file/report name conventions are below:

AZ-277-CCYYMMDD-U-PLANID-NNN.TXT	277U status file
AZ-277-CCYYMMDD-S-PLANID-NNN.TXT	Supplemental status file
CLMMDDYY.ZIP	Pend file
DETLAGINMMDDYY.ZIP	Pended detail aging file
DUPECRNMMDDYY.ZIP	Pended duplicate CRN file
CCMMDDYY.ZIP	Comment file
RC_EC9AD949MMDDYY.ZIP	CCL summary report
RC_EC97X130MMDDYY.ZIP	Adjudicated report
RC_EC9AM128MMDDYY.ZIP	Adjudicated sum report
RC_EC97R179MMDDYY.ZIP	Duplicate CRN report
RC_EC9FM187MMDDYY.ZIP	Pended summary report
RC_EC9EM187MMDDYY.ZIP	Pended detail aging report
RC_EC9CM187MMDDYY.ZIP	Pended sum aging report
RC_EC91D949MMDDYY.ZIP	Edit failure report

For example,

AZ-277-20050715-U-224466-643.TXT  
AZ-277-20050715-S-224466-646.TXT  
CL071505.ZIP  
DETLAGIN071505.ZIP  
DUPECRN071505.ZIP  
CC071505.ZIP  
RC\_EC9AD949071505.ZIP  
RC\_EC97X130071505.ZIP  
RC\_EC9AM128071505.ZIP  
RC\_EC97R179071505.ZIP  
RC\_ECFM187071505.ZIP  
RC\_ECEM187071505.ZIP  
RC\_ECCM187071505.ZIP  
RC\_EC91D949071505.ZIP

From the date files are placed on the server Contractors have 30 days to retrieve files and reports before they are removed from the server.

## **IX. Modifications to Encounters**

Contractors must revise encounter records that were previously submitted, e.g., adjudicated and approved by AHCCCSA, when contractors' claims are re-processed and re-adjudicated. Please refer to the X12N or NCPDP implementation guides for procedures to void and/or replace previously submitted encounters. Voiding or replacing professional, dental or pharmacy encounters at the claim header results in a void or replacement of all claim line information regardless of each claim line's adjudication or pend status. Void or replacement at the claim header must reflect the contractor's final processing outcome for the claim.

## **X. Error Correction**

The correction of pending encounters allows the contractor the opportunity to modify or correct encounter data, approve encounters that were pending as a duplicate of another encounter, and to delete encounter data that were submitted in error. It is the contractor's responsibility to correct pending encounters. The pend file provided by AHCCCSA identifies the error condition or conditions that caused the record to fail, assisting the contractor in the identification of the problem. AHCCCSA allows a 120-day period for contractors to correct encounter error conditions without penalty; after this period, a sanction may be applied. Details on the pending encounter correction process are provided in Chapter 4 of this manual.

## **XI. Assistance**

Encounter customer service staff is available Monday through Friday (excluding State holidays) to assist contractors in resolving encounter errors or to research specific encounter issues. Contractors are notified of the name and telephone number of their assigned customer service representative, who is their main point of contact for encounter-related issues. In addition, the Encounter Unit offers training on how to submit complete, accurate, and timely encounters to AHCCCSA. This training is mandatory for new contractors and is available to existing contractors as requested or needed. To request training contractors should contact their encounter customer service representative. Contractors may request assistance or training via the [AHCCCSSEncounters@azahcccs.gov](mailto:AHCCCSSEncounters@azahcccs.gov) e-mail address.

## **XII. Encounter Submission Tracking Report**

Contractors must develop and maintain an Encounter Submission Tracking Report (ESTR) for encounters. The purpose of the ESTR is to improve the accuracy of reported encounters and to reduce the number of encounter omissions and duplicates.

The ESTR must link each claim to an adjudicated or pended encounter returned to the Contractor. In addition, it should trace and monitor each claim through the encounter process. Each form type should be separated on the report.

The ESTR must include, by month of service:

- 1) The number of claims converted monthly to encounters. For comparative purposes, a claim is defined as:
  - A) An inpatient or outpatient institutional service, or
  - B) Each service line of professional, dental or retail pharmacy services.
- 2) The number of new day encounters submitted monthly to AHCCCSA.
- 3) The number of adjudicated and pended encounters returned monthly to the Contractor.
- 4) The percentage of claims converted to encounters.

ESTR must be made available to AHCCCSA upon request. Information provided in the report shall be substantiated with appropriate claim and encounter documentation.

Page 3-12 provides an example of an ESTR showing encounter tracking information for an encounter processing cycle. The format is provided for illustration only and includes additional information that is not required. Plans may develop a different format as long as the required information is provided. The example shows the encounter cycle data correlated to the appropriate month of service. This helps identify low submission rates. The “new encounter records to AHCCCS” number should closely match the number of claims adjudicated and converted to encounters.

## April 2006

Service month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year to Date
Claims converted to encounters	23,768	19,456	18,868	6,875	0	0	0	0	0	0	0	0	68,967
New day encounters to AHCCCS	21,426	19,134	18,868	6,210	0	0	0	0	0	0	0	0	65,638
Percent claims to encounters	90.15%	98.34%	100.00%	90.33%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	95.17%
Adjudicated new day encounters	21,210	17,568	17,624	5,454	0	0	0	0	0	0	0	0	61,856
Pended encounters	2	45	828	756	0	0	0	0	0	0	0	0	1,631
Resolved pended encounters	214	1,521	416	0	0	0	0	0	0	0	0	0	2,151
Total adjudicated encounters	21,424	19,089	18,040	5,454	0	0	0	0	0	0	0	0	64,007
Percent total adjudicated	99.99%	99.76%	95.61%	87.83%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	97.52%
Paid member months	25,323	25,120	25,120	25,156	0	0	0	0	0	0	0	0	100,719
Claims per member month	0.94	0.77	0.75	0.27	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.68
Adjudicated encounters per member month	0.85	0.76	0.72	0.22	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.64

## May 2006

Service month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year to Date
Claims converted to encounters	23,768	22,462	21,545	18,421	9,500	0	0	0	0	0	0	0	95,696
New day encounters to AHCCCS	21,426	20,046	21,454	17,051	9,458	0	0	0	0	0	0	0	89,435
Percent claims to encounters	90.15%	89.24%	99.58%	92.56%	99.56%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	93.46%
Adjudicated new day encounters	21,210	18,320	20,017	15,854	8,506	0	0	0	0	0	0	0	83,907
Pended encounters	0	164	511	1,102	952	0	0	0	0	0	0	0	2,729
Resolved pended encounters	216	1,562	926	95	0	0	0	0	0	0	0	0	2,799
Total adjudicated encounters	21,426	19,882	20,943	15,949	8,506	0	0	0	0	0	0	0	86,706
Percent total adjudicated	100.00%	99.18%	97.62%	93.54%	89.93%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	96.95%
Paid member months	25,323	25,120	25,120	25,156	25,231	0	0	0	0	0	0	0	125,950
Claims per member month	0.94	0.89	0.86	0.73	0.38	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.76
Adjudicated encounters per member month	0.85	0.79	0.83	0.63	0.34	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.69

## June 2006

Service month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year to Date
Claims converted to encounters	23,768	22,462	21,545	20,614	16,050	7,016	0	0	0	0	0	0	111,455
New day encounters to AHCCCS	23,642	21,968	21,454	20,422	14,851	6,825	0	0	0	0	0	0	109,162
Percent claims to encounters	99.47%	97.80%	99.58%	99.07%	92.53%	97.28%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	97.94%
Adjudicated new day encounters	21,210	17,568	21,454	18,000	12,221	5,418	0	0	0	0	0	0	95,871
Pended encounters	84	1,138	0	154	1,522	1,407	0	0	0	0	0	0	4,305
Resolved pended encounters	2,348	3,262	0	2,268	1,108	0	0	0	0	0	0	0	8,986
Total adjudicated encounters	23,558	20,830	21,454	20,268	13,329	5,418	0	0	0	0	0	0	104,857
Percent total adjudicated	99.64%	94.82%	100.00%	99.25%	89.75%	79.38%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	96.06%
Paid member months	25,323	25,120	25,120	25,156	25,231	25,104	0	0	0	0	0	0	151,054
Claims per member month	0.94	0.89	0.86	0.82	0.64	0.28	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.74
Adjudicated encounters per member month	0.93	0.83	0.85	0.81	0.53	0.22	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.69